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#### Report Categories:

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#### Report Highlights:

\*Acreage of kharif pulses up on good monsoon, price hopes\*, August rains seen 3 percent above normal: Met\*, \*India to fast track agreement with EU, Japan and Malaysia\*, \*Centre to finalize quota for cotton exports next week\*, \* FMCG companies hire in small towns to fire up growth\*, \*FDI in multi brand retail would impact the unorganized sector\*, \*Food inflation eases\*, \*No proof of commodity futures trading impacting inflation: Reserve Bank of India\*, \*FCI sweetens warehousing policy, extends lease period to 10 years\*, \*Sugar firms seek government nod to export whites\*.

**General Information:**

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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**ACREAGE OF KHARIF PULSES UP ON GOOD MONSOON, PRICE HOPES**

According to the Agriculture Ministry, farmers have sown over 10.3 million hectares under various kharif pulses, which is up 20 percent over last year due to reasonably good rains in the Maharashtra, Rajasthan, Karnataka and Andhra Pradesh (AP). The other crop to have benefited substantially from good rains, particularly in Maharashtra and AP, has been cotton. Indian farmers have planted a record 10.5 million hectares (88 percent under Bt cotton) under cotton so far this year, which is more than the 10.3 million hectares for the whole of 2009-10. The higher area planted under pulses and cotton this time has come largely at the expense of oilseeds, for which planting areas are generally down this year (with the exception of groundnut). (Source: [Hindu Business Line](#), 08/16/2010)

**AUGUST RAINS SEEN 3 PERCENT ABOVE NORMAL: MET**

A senior official of the Indian Metrological Department (IMD) said that monsoon rains in August are likely to be around 3 percent above normal. The rainfall week ended August 25 was 29 percent above normal with 27 of the 36 subdivisions receiving excess or normal rains. East and north east India has received good rains in the last few days, and IMD has forecast more rains in the region in the coming days. The total rainfall in September should be higher than the 17.5 cm that the country normally receives during the month, with peninsular and central India expected to get good rains. (Source: [Business Standard](#), 08/27/2010)

**INDIA TO FAST TRACK TRADE AGREEMENT WITH EU, JAPAN AND MALAYSIA**

With little or no progress in the Doha Round of World Trade Organisation (WTO) talks for the last year, India is proactively working on concluding Free Trade Agreements (FTAs) with Japan, the European Union and Malaysia to expand its trade basket. Commerce Minister Anand Sharma said

that efforts were on to give a new push to FTA negotiations with the European Union, Japan and Malaysia and things were expected to fall in place within one year. India signed a trade in goods agreement with the Association of South-East Asian Nations (ASEAN) last year, but out of the ten nations that form ASEAN, only four — Vietnam, Singapore, Thailand and Malaysia - have operationalized the agreement so far. (Source: [The Hindu](#), 08/26/2010)

### **CENTRE TO FINALIZE QUOTA FOR COTTON EXPORTS NEXT WEEK**

After lifting the ban on exports of raw cotton last week, Commerce secretary Rahul Khullar said that the quantity of cotton export for the 2010/11 cotton year (October/September) will be decided next month after assessing overall production and demand. Officials from the ministries of textiles, commerce and agriculture will meet on September 1 to calibrate this year's cotton production with the domestic requirement and derive the amount of exportable surplus. Secretary Khullar said that the cap on exports would ensure orderly exports and adequate domestic availability and at the same time ensure that domestic prices remain stable. The government had placed cotton under the restricted exports list earlier this year after a surge in exports was thought to have resulted in a rise in local prices. (Source: [Business Standard](#), 08/27/2010)

### **FMCG COMPANIES HIRE IN SMALL TOWNS TO FIRE UP GROWTH**

Major fast moving consumer goods (FMCG) companies are hiring field staff from small towns as these companies drive deep into the countryside to sell their products. The major factors leading to growth in rural markets are a good monsoon this year, higher disposable incomes in rural India, recent farm loan waivers, higher media penetration and successful government employment generation programs. Consumer giants Hindustan Lever, Dabur India, Marico, ITC, and Nestle are all directly hiring employees to strengthen their presence in small towns and villages. (Source: [Economic Times](#), 08/27/2010)

### **FDI IN MULTI BRAND RETAIL WOULD IMPACT THE UNORGANIZED SECTOR**

A detailed survey report by the Birla Institute of Management Technology (BIMTECH) has urged the Government of India to go slow on its proposal to open up the multi-brand retail sector to foreign direct investment (FDI). The study notes that although consumers will benefit, it could affect the unorganized retail sector. The institute has submitted the report to the Central Department of Industrial Promotion and Policy. BIMTECH recommends at least a five year gap to enable the unorganized retail sector to reorient its strategy in order to be prepared to compete with foreign investment in multi-brand retail. The report's research is based on a sample survey of nearly 700 consumers in Delhi and adjoining townships as well as interaction with experts in the fields of consumer movement, farmer-related issues and traders' associations. The report is in

favor of consumers benefitting from the entry of FDI in multi-brand retail. (Source: [The Hindu](#), 08/23/2010)

### **FOOD INFLATION EASES**

Food inflation in India eased further to 10.05 per cent for the week ending on August 14 from 10.35 per cent in the previous week, mainly owing to a fall in prices of vegetables such as potatoes and onions. The overall Wholesale Price Index (WPI) is still beyond the tolerable limits, but the government expects it to stabilize at around 6 per cent by the end of December. (Source: [The Hindu](#), 08/27/2010)

### **NO PROOF OF COMMODITY FUTURES TRADING IMPACTING INFLATION: RESERVE BANK OF INDIA**

The Reserve Bank of India (RBI) has said that there is no conclusive evidence to show that futures trading in agri-commodities impacts their spot price and leads to food inflation. The conclusion is in consonance with the observation of the Abhijit Sen Committee, which was constituted in 2007 to study the effects of futures trading on the price of agricultural commodities. According to RBI, 'commodity prices in India seem to be more influenced by other factors, particularly the demand-supply gap in specific commodities, the degree of dependence on imports and international movements in these commodities'. The Bank carried out its tests on six farm commodities- sugar, Black Gram (Urad), Pigeon Pea (Tur), Wheat, Gram (Chana), and potatoes. (Source: [The Economic Times](#), 08/25/2010)

### **FCI SWEETENS WAREHOUSING POLICY, EXTENDS LEASE PERIOD TO 10 YEARS**

The Food Corporation of India (FCI) has extended the lease period for private warehouses from seven years to 10 years under the Private Entrepreneur Guarantee (PEG) Scheme 2008. An improvement in food grain production and a scarcity of storage space in Haryana and Punjab had put FCI in a fix. A senior official in the corporation said an additional storage space of 7.1 metric tons in Punjab and four tons in Haryana was required to address the problem. While the move has prompted Haryana to scrap tenders floated in June under the seven-year guarantee scheme, Punjab has decided to evaluate the tenders on technical grounds under the seven-year scheme. (Source: [Business Standard](#), 08/23/2010)

### **SUGAR FIRMS SEEK GOVERNMENT NOD TO EXPORT WHITES**

Indian mills want government permission to export white sugar to help meet obligations made when importing duty-free raws made almost five years ago, government officials and millers said lately. Millers say they are obliged to export 967,000 tons of sugar by March 2011 under a policy

from 2004-05, when India allowed the duty-free import of raws on condition that an equal amount of white sugar be exported. Farm Minister Sharad Pawar said this month his government would allow exports only after reviewing the progress of cane planting in August. Recently, the government allowed exports of 200,000 tons of the sweetener that was imported by millers but could not be shifted out of the port due to a shortage of railway wagons. (Source: [Business Standard](#), 08/25/2010)

#### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

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IN1076	2010 Monsoon Report 5	08/25/2010

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